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SUBJECT: MEDIA REACTION: U.S. ARMS PROCUREMENT BILL

11. Summary: Major Chinese-language Taiwan dailies (12/21) focused on the unexpected passage of the U.S. arms procurement bill in the Legislative Yuan's Procedure Committee and former Chunghua County Magistrate Wong Chin-chu's decision to run for DPP Chairperson. The pro-independence "Liberty Times" ran a banner headline on its front page that read: "The U.S. Arms Procurement Bill Came Out of the Control of the Legislative Yuan's Procedure Committee after 41 Attempts."

In terms of commentaries, National Taiwan University's Professor Huang Kwan-kuo said President Chen Shui-bian's plan to increase Taiwan's national defense budget to 3 percent of GDP means Taiwan wants "guns" but not "butter," adding that Chen thinks he can get the upper hand on the KMT on this issue. Taiwan Think Tank analyst Lai I-chung urged the pan-Blue alliance not to be afraid of discussing the U.S. arms procurement bill in the Legislative Yuan, adding that such discussions would allow the Taiwan people to better understand Taiwan's national defense situation. End summary.

12. "The [DPP-led] Arms Race [Across the Taiwan Strait] Gets the Upper Hand on the Weak KMT"

Huang Kwan-kuo, Professor of the Department of Psychology, National Taiwan University, wrote in the pro-unification "United Daily News" [circulation: 400,000] that (12/21):

". Among the neighboring countries in Asia, the budget for national defense in South Korea is 2.1 percent of GDP, the percentage for Japan is 1.2, the percentage for China is only 0.43. The current percentage for Taiwan is 2.4, which is higher than South Korea and Japan. If the government wants to raise the percentage [of the budget for national defense] to 3 percent [of GDP,] this means that [Taiwan wants] 'Guns, Not Butter.' This also means Taiwan wants to carry out an arms race with China regardless of the fact that an arms race will negatively impact the budget for social welfare, education, science, and culture.

". The opposition party [the KMT] does not have a fixed cross-Strait policy, and it could not make up its mind regarding the issue of the U.S. arms deal. No wonder Chen Shui-bian, who 'knows how to run elections, but not the country,' can still beat the KMT after suffering a fiasco in the '3-in-1' elections. ."

13. "Don't be Afraid of Letting the Legislative Yuan Discuss the U.S. Arms Procurement Bill"

Lai I-chung, Director for International Affairs at the Taiwan Think Tank wrote in the centrist, pro-status quo "China Times" [circulation: 400,000] that [12/21]:

". The passage of the U.S. arms procurement bill in the Legislative Yuan's Procedure Committee does not mean that the bill has been passed by the legislature; it means, however, that the bill will enter the legislature's agenda for discussion. The Taiwan people need a chance to understand the content of the bill and what it might involve. If the legislators cannot reach a consensus [on the bill] through discussion and negotiation, the bill can still be rejected by the Legislative Yuan. .

". The arguments over the U.S. arms procurement bill focus almost entirely on the budget issue, i.e. the form of the budget and whether the procurement price is reasonable. Arms procurement, however, is tightly connected with [the larger] issues of Taiwan's national defense policy and national security strategy. .

"In fact, the United States has already said that it will accept any outcome on the U.S. arms procurement issue through Taiwan's democratic decision-making [mechanism]. However, as former U.S. Deputy Assistant Secretary of State Randy Schriver pointed out in an open speech in Taiwan, the U.S. cannot understand why there has been no opportunity to discuss the bill in the Legislative Yuan. If we take a closer look at the current bill, several changes have been made to the content and items. Some items have been moved to Taiwan's annual regular budget, and the scale of the

budget has also been greatly reduced. Is this not quite a different bill worthy of discussion? ."

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